GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:8
ANSWERED ON:18.02.2003
PRICE OF IMPORTED AND INDIGENOUS COAL
MAHBOOB ZAHEDI

Will the Minister of COAL be pleased to state:

(a) whether the price of imported coal is cheaper and is having high producing heat than that of indigenous one;

(b) if so, whether the Planning Commission in their Report of the Committee on Integrated Coal Policy published in May, 1996 has not accepted the said contention; (

(c) if so, the reasons therefor;

(d) whether various duties such as cess, royalty, excise duty, etc. are added to the indigenous coal production cost, whereas only CIF and import duty are taken into account on imported coal, barring the carrying cost by Rail which is considered depending on the distance;

(e) if so, the reasons therefore;

(f) whether the Planning Commission in their said report (appendix 2.8) have given comparative prices ofimported and indigenous coal which amply highlights that the prices of indigenous coal produced in Eastern, Western, Northern, Southern and Madhya regions of the country are cheaper than that of imported ones; and

(g) if so, the reasons for import of coal?

Answer

MINISTER OF COAL (SHRI KARIYA MUNDA)

(a): The average pithead sale value of Indian coal is one ofthe lowest on per tonne basis in rupee terms when compared to the CIF price in the international market. However, the delivered price of Indian coal upon transportation over long distances to various consumption points including transportation cost is substantially higher. The foreign coals are superior in terms of ash content and unit heat value. Therefore, Indian coal on per therm basis may be costlier in certain coastal locations.

(b) &(c): The Committee on Integrated Coal Policy constituted by the Planning Commission, in theirreport, have stated that the imported coal is costlier than domestic coal on calorific value basis at all locations and it is more so in the Northern and Central Regions because of their distances from ports. The Committee have, however, stated that the imported coking coal does not appear to be costlier than domestic coal. The Committee have based their view on a statement worked out by Coal India Limited on cost comparison of imported coal and domestic coal and on another statement worked out by Ministry of Steel on coking coal.

(d) : The prices of coal notified by the coal companies are pit head prices of coal, to which statutory levies and transportation charges are added when it reaches the end consumers. The add-ons to the sale price of coal are as under :-

i) Royalty;
ii) Cess (only in respect of coal produced in West Bengal);
iii) Stowing Excise Duty (SED);
iv) Sales tax;
v) Freight ; and
vi) Local levies.

(e) : As per the provisions of various relevant statutes, levies such as royalty, cess, SED, Sale tax and local levies are applicable to indigenous coal only and therefore these are not levied on imported coal.

(f) : Yes, Sir.

(g) : Coking coal is being imported by the integrated steel plants since early eighties due to non- availability/ inadequate availability of the required quality and quantity of coking coal indigenously. With liberalisation of import of coal in early nineties non- coking coal is imported by consumers for blending with indigenous coal, on environmental consideration and on consideration of location specific landed cost.